

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0744-01
Bill No.: HB 580
Subject: Medical Procedures and Personnel; Fees
Type: Original
Date: March 8, 2011

Bill Summary: Allows providers to include any retrieval fee for outsourced records storage service in the fee for release of medical records.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
General Revenue	Up to (\$64,993)	Up to (\$79,974)	Up to (\$81,973)
Total Estimated Net Effect on General Revenue Fund	Up to (\$64,993)	Up to (\$79,974)	Up to (\$81,973)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Federal*	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

* Income and expenses net to \$0.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** and **Department of Social Services (DSS) - Research and Evaluation (R&E)** assume the proposal would have no fiscal impact on their respective agencies.

Officials from the **Department of Mental Health** state the Department projects that costs for these fees would be minimal and absorbed in existing appropriations. No fiscal impact.

Officials from the **Department of Health and Senior Services (DHSS)** states various programs throughout the DHSS are required to obtain copies of medical records for various reasons such as verifying eligibility for services, periodically reviewing medical conditions, etc. With this change, the Department could potentially see an increase in the amounts that would be reimbursed to providers that supply medical records.

The Department assumes that the number of medical records obtained from off-site records storage is unknown, but expected to be minimal. As a result, the Department assumes a fiscal impact of (\$0 to Unknown, < \$100,000).

Oversight assumes, because the potential for increase in medical record fees is speculative, that the DHSS will not incur significant costs related to this proposal. If a fiscal impact were to result, the DHSS may request additional funding through the appropriations process.

Officials from the **DSS - Children's Division (CD)** do not anticipate a significant fiscal impact as the result of this proposed legislation. Any increase would be minimal and be absorbed by the Division.

Officials from the **DSS - MO HealthNet Division (MHD)** assume additional cost would be incurred if the proposed legislation passes. The MHD would pay the retrieval fee. However, the cost is minimal and it is assumed the cost would be covered by the current appropriation.

In FY 09, six providers billed MO HealthNet for medical records. In FY 10, nine providers billed MO HealthNet for medical records. The average number of billings is eight .

The estimated retrieval fee is \$17.79. This is the average retrieval rate of the 19 states where a fee is charged. A trend factor of 3.6% is applied to the out years.

ASSUMPTION (continued)

FY 12: $8 \times \$17.79 = \142.32 .

FY 13: $\$142.32 \times 3.6\%$ (trend factor) = \$147.44.

FY 14: $\$147.44 \times 3.6\%$ (trend factor) = \$152.75.

Officials from the **DSS - Division of Legal Services (DLS)** state current law allows a health care provider to condition the furnishing of medical records on the payment of a fee to cover costs of copying, postage and notary services. The legislation would amend current law to also include any retrieval fee charged by an outsourced records storage service with which the health care provider has contracted for off-site records storage and management in the fee medical care providers can charge in providing medical records. The DLS regularly obtains medical records in the course of its investigations and litigation and therefore the potential fiscal impact upon DLS could be substantial. The potential fiscal impact upon DLS is difficult, if not impossible, to forecast due to fluctuations in the workflow. However, because the Division regularly obtains medical records in the course of its investigations and litigation, it is presumed that said fiscal impact would presumably be Unknown less than \$100,000.

Oversight assumes, because the potential for increase in medical record fees is speculative, that the DLS will not incur significant costs related to this proposal. Also, Oversight believes DLS could access medical records from FSD. If a fiscal impact were to result, the DLS may request additional funding through the appropriations process.

Officials from the **DSS - Family Support Division (FSD)** state FSD reviews the health care records of an average of 4,131 applicants and recipients each month to determine initial or continued eligibility for the Temporary Assistance and MO HealthNet programs. These reviews may contain information from one or more health care providers; however, the FSD is unable to determine how many separate health care records are obtained per month. The FSD is not able to determine the number of health care records that would be obtained from health care providers utilizing off-site records storage services. For the purposes of this fiscal note, the FSD assumes one health care record per review for a total of 49,572 ($4,131 \times 12$) health care records obtained per year. If 10% of these records were obtained from health care providers that use an off-site records storage service, the FSD would incur retrieval costs for 4,957 health care records per year. Based on cost data available for two health care records retrieval companies, the average retrieval cost per record is \$31.48 ($\$29.95 + \$33.00 = \$62.95 / 2 = 31.475$, rounded up to \$31.48). At this cost per record, the FSD would incur a cost of \$156,046.36 ($4,957 \times \31.48).

Therefore, the FSD anticipates the cost of this proposed bill to be unknown but greater than \$156,046.

ASSUMPTION (continued)

Oversight assumes, because the potential for increase in medical record fees is speculative, that the FSD will not incur significant costs related to this proposal. Therefore, **Oversight**, has for fiscal note purpose only, removed the language “unknown but greater than” and replaced the language with “up to”. If a greater fiscal impact were to result, the FSD may request additional funding through the appropriations process.

Officials from the **University of Missouri** did not respond to **Oversight’s** request for a statement of fiscal impact. However, in response to identical legislation from the current session (SB 62), officials assumed the proposal would have no significant impact on revenue, costs, or losses.

No hospitals or county health departments responded to **Oversight’s** request for a statement of fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
GENERAL REVENUE FUND			
<u>Costs - Department Social Services</u>			
Program Costs	<u>Up to (\$64,993)</u>	<u>Up to (\$79,974)</u>	<u>Up to (\$81,973)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>Up to (\$64,993)</u>	<u>Up to (\$79,974)</u>	<u>Up to (\$81,973)</u>
FEDERAL FUNDS			
<u>Income - Department of Social Services</u>			
Federal Assistance	<u>Up to \$64,993</u>	<u>Up to \$79,974</u>	<u>Up to \$81,973</u>
<u>Costs - Department of Social Services</u>			
Program Costs	<u>Up to (\$64,993)</u>	<u>Up to (\$79,974)</u>	<u>Up to (\$81,973)</u>
ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Local Government

FY 2012
(10 Mo.)

FY 2013

FY 2014

\$0

\$0

\$0

FISCAL IMPACT - Small Business

The proposal may impact small businesses that periodically or regularly obtain medical records in their regular course of business.

FISCAL DESCRIPTION

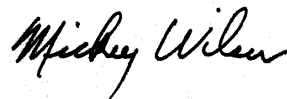
This proposal allows a health care provider to include in the fee charged to a patient for a copy of his or her medical records any retrieval fee charged by an outsourced records storage service with which the provider has contracted for off-site records storage and management.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Insurance, Financial Institutions, and Professional Registration
Department of Mental Health
Department of Health and Senior Services
Department of Social Services

NOT RESPONDING: University of Missouri, hospitals and county health departments.



Mickey Wilson, CPA
Director
March 8, 2011